

State of New Hampshire Internal Service Fund Management Letter for the Fiscal Year Ended June 30, 2014

Risk Management

Department of Administrative Services (DAS)

LBA Audit – Correction Action Plan / Audit Response

18 Month Progress Report: Nov 1, 2016

Completion Status

Open ●
Partial ●●
Substantial ●●●
Full ●●●●

#	Observation Title	Recommendation	Action Item	Due Date	Completion Status	Comments
1	Formal Risk Assessment	Establish a formal risk assessment process, supported by policies and procedures, for recognizing and responding to risks potentially affecting the RMU's operations.	Commenced project planning.	Ongoing	●●	Subject to limited staff and other resources.
2	Controls Over Enrollment Data	Perform periodic reconciliations between the enrollment data repository (NHFIRST) and information used by the benefit vendors to pay claims to ensure the vendors are only processing claims and collecting administrative fees for appropriate enrollees.	<ul style="list-style-type: none"> ° Currently, Anthem and Delta Dental administrative invoices are reconciled monthly with their respective administrative enrollment files. Next steps include Express Scripts. ° RMU has developed and documented processes to perform monthly enrollment reconciliations between administrative fee enrollment counts and NHFirst enrollment for all health benefit vendors. 	Ongoing	●●●	Subject to limited staff and other resources.
		Implement a secondary system review control for all changes made to plan enrollments to ensure changes are made accurately and appropriately and control procedures are documented.	<ul style="list-style-type: none"> ° On 4/23/15, Dependent Eligibility Verification Process completed. Final DEVP Report submitted to Fiscal Committee on 12/15/15. A second DEVP is planned for 2018. ° Extensive documentation on employee eligibility, benefit plan changes, and termination of benefit plans is available to Agency HR via Sunspot as well as detailed instruction on the routine enrollment of eligible employees and dependents. Documentation supporting benefit eligibility and changes are maintained in the employee personnel file. 	Completed on July 31, 2015	●●●●	

		Limit the number of individuals authorized to make enrollment changes to the health benefit plan. All authorized individuals should be appropriately trained. Conduct periodic review of authorized access.	<ul style="list-style-type: none"> ◦ HR training completed for largest State agencies. All other entries are made centrally by RMU Benefit Staff. Staff has access to extensive NHFirst user instructions via Sunspot. ◦ NHFirst functionality provides ability to research entries to system via Benefit Audit History, providing information such as record entry date and user initiating change. ◦ Pending HR payroll consolidation to identify other controls. ◦ FDM manages access to NHFirst and limits access to benefits modules to only appropriate HR agency benefits staff. ◦ FDM also implemented an employee termination checklist process to allow for timely notification to FDM to limit terminated employee access to NHFirst. 	Ongoing	●●	
3	Service Organization Control Reports (SOC-1 Reports)	Expand documented review of each SOC-1 Reports to understand the scope and effectiveness of controls over outsourced operations.	Developed written procedures for vendor SOC-1 reviews and development of complementary control matrixes for SOC-1 reviews completed.	Completed	●●●●	.
4	Controls Over Revenue	Establish policies and procedures to ensure revenues are complete and accurately collected, reported and recorded.	<ul style="list-style-type: none"> ◦ HBP revenue sources reconciled monthly by RMU finance. ◦ Developed written procedures of monthly revenue reconciliation process for HBP revenue sources. ◦ Developed process to ensure revenue from Legislators' dental premiums are accurately and completely collected. 	Ongoing	●●●	Subject to limited staff and other resources.
		Establish review and approval controls that verify the completeness and accuracy of revenues. Reconcile NHRS subsidy revenue for accuracy.	<ul style="list-style-type: none"> ◦ Monthly NHRS subsidy revenue reconciliation processes developed and procedures drafted. ◦ Monthly reconciliation of NHRS retiree health enrollment to NHFirst retiree enrollment process developed and procedure drafted. 	Ongoing	●●●	
5	Revenue Reconciliation	Develop policies and procedures for the timely follow up and resolution of significant variances identified by control activities.	◦ Developed written procedures of monthly revenue reconciliation process for HBP	Ongoing	●●●	Subject to limited staff and other resources.

			<p>revenue sources. Different revenue reconciliation processes require follow up with different internal departments and/or HBP vendors. Each drafted revenue source procedure includes a process for timely follow up and resolution of revenue variances.</p> <p>° A revenue error was discovered in July 2016 due to the procedures put in place. NHFirst BOA, and FDM are working together to research the error.</p>			
6	Health Benefit Policies and Procedures	Establish policies and procedures for all significant aspects of the health benefit plan.	<p>° Policies and procedures to be developed.</p> <p>° Processes in place to administer HBP.</p>	Ongoing	••	Subject to limited staff and other resources.
7	Health Benefit Book	Publish all health benefit booklets in a timely manner.	<p>° Vendor project plans include timely publication of benefit books. Updated Medical, Pharmacy, Dental, and HRA benefit booklets were posted timely in 2016. 2017 benefit booklets will be posted by Open Enrollment in November 2016.</p> <p>° Summary plan descriptions and “Benefits 101” presentation are available online.</p>	Ongoing	•••	Subject to limited staff and other resources.
8	Working Rates	Implement evidenced review and approval control over the acceptance of actuarially determined working rates.	Developed written policies and procedures for evidence based review and approval control over the acceptance of actuarially determined working rates.	Completed	••••	
9	Accounts Receivable Policies and Procedures	Develop policies and procedures for accounting and reporting accounts receivable to provide guidance for consistent reporting.	<p>° Developed written policies and procedures.</p> <p>° Processes in place to document accounts receivable.</p>	Completed	••••	
10	Financial Activity in The Appropriate Fund	Work with DAS, State agency, and the Legislature to develop policies and procedures for accurate financial reporting for the General Fund.	RMU and BOA are working together to research Employment Security’s funding of the health benefit.	Ongoing	••	Subject to limited staff and other resources.
11	Transfer of Payroll Costs Policies and Procedures	Establish policies and procedures for timely payroll transfers, as directed by Chapter 1:9.	RMU developed written policies and procedures for payroll transfers. Payroll transfers are conducted timely.	Completed	••••	DAS requested repeal of Chapter 1:9 (Laws of 2009); not repealed in 2015 legislative session.

12	Workers' Compensation to Internal Service Fund	Review the policies and procedures for posting workers' compensation revenues to the Internal Service Fund. Ensure revenues continue to be posted timely.	<ul style="list-style-type: none"> ° DAS manual addresses posting workers' compensation revenues. ° Timely posting of revenue occurs now that office is fully staffed. 	Completed	●●●●	
13	Changes to Collective Bargaining Agreement	Put changes to the CBA in writing with the agreement to the changes by Labor and Management.	DAS will work with the unions to put all CBA changes in writing.	Completed	●●●●	
14	Required Reporting	Submit timely reports of the self-funded Health Benefit program to the Fiscal Committee every 60 days, as required by Chapter 319:32.	Timely reports are filed.	Completed	●●●●	
15	RSA 21-I Administrative Rules	Establish the administrative rules requires by RSA 21-I:14.	Policies and procedures to be developed.	Ongoing	●●	Subject to limited staff and other resources. 7D form has been submitted to request a new position in the FY18/19 budget.